

Message Text

SECRET

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64

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W
----- 035526

O 052040Z JUN 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 4892

S E C R E T SECTION 1 OF 2 KINGSTON 1949/1

EXDIS

PASS OPIC

E.O. 11652: N/A

TAGS: PFOR EMIN JM

SUBJ: AMBASSADOR'S CALL ON PM MANLEY

1. I MADE MY INITIAL CALL ON PM MANLEY THIS MORNING. THE MEETING LASTED APPROXIMATELY 30 MINUTES AND CONSISTED OF A CANDID BUT CORDIAL AND FIRENDLY EXCHANGE OF VIEWS ON THE BAUXITE NEGOTIATIONS, PAST, PRESENT AND FUTURE. I WAS ACCOMPANIED BY DCM. PM WAS ACCOMPANIED BY SIR EGERTON RICHARDSON, FORMER AMBASSADOR TO THE US AND MEMBER OF THE BAUXITE COMMISSION; GORDON WELLS, PERSEC OF MINEXSTAFF; AND ROBER MASON, PERMSEC OF THE PM'S OFFICE.

2. AFTER THE USUAL EXCHANGE OF COMPLIMENTS PM OBSERVED THAT I WAS BEGINNING MY MISSION AT A MOST INTERESTING TIME IN THE RELATIONS BETWEEN OUR COUNTRIES IN VIEW OF THE BAUXITE NEGOTIATIONS. I AGREED THAT IT WAS AN INTERESTING AND CHALLENGING PERIOD AND, REMINDING PM THAT THE USG HAD NOT BEEN INVOLVED IN THE SUBSTANCE OF THE NEGOTIATIONS, SAID THAT I WAS GRATIFIED THAT THE DIALOGUE WAS CONTINUING AT THE PRESENT TIME EVEN THOUGH THE LAW INITIATING THE BAUXITE LEVY HAD BEEN PASSED THE PREVIOUS EVENING. PM RESPONDED BY RECALLING THE VISIT OF JUSTICE GOLDBERG AND HIS CONVERSATIONS AT THAT TIME BOTH WITH GOLDBERG AND WITH COMPANY CEOS. HE SAID HE HAD TOLD GOLDBERG THAT HIS GOVT WANTED THE BAUXITE COMPANIES TO CONTINUE AND EXPAND THEIR OPERATIONS IN JAMAICA AND HE HOPED THEY WOULD DO SO. PM THEN SWITCHED TO NON-REVENUE ISSUES SAYING THAT THEY ARE INTERESTING, COMPLICATED

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AND CHALLENGING. HE SAID THAT OUR TWO COUNTRIES HAD THE OPPORTU-

NITY OF CHARTING A NEW COURSE AND PROVIDING A MODEL FOR RELATIONS BETWEEN GOVT AND PRIVATE ENTERPRISE FAR BEYOND JAMAICA. I ANSWERED BY SAYING THAT I HOPED THE NEXT PHASE OF THE NEGOTIATIONS COULD BE DISTINGUISHED BY AN OPEN-MINDED APPROACH ON THE PART OF EVERYONE INCLUDING THE BAUXITE COMPANIES.

3. PM SAID THAT HE HAD BEEN SADLY DISAPPOINTED WITH THE APPROACH OF THE COMPANIES TO THE FIRST PHASE OF THE NEGOTIATIONS. HE HAD ASKED FOR A CREATIVE AND FORWARD-LOOKING APPROACH AND GOT WHAT SEEMED TO HIM TO BE A NARROW, PAROCHIAL ORIENTATION. HE ASKED SIR EGERTON RICHARDSON IF THIS WAS NOT SO. RICHARDSON RESPONDED THAT, THOUGH IT SURPRISED HIM CONSIDERING HIS ESTIMATE OF THE CALIBER OF THE MEN ON THE OTHER SIDE OF THE TABLE, HE HAD TO ADMIT THAT THE PM WAS CORRECT. THE PM THEORIZED, THAT, WHATEVER THEIR OWN INCLINATIONS MIGHT BE, INDUSTRY NEGOTIATORS WERE BOUND BY TIGHT INSTRUCTIONS FROM THEIR PRINCIPALS.

4. PM WENT ON TO SAY THAT NOT ONLY WAS THE APPROACH OF THE COMPANIES NARROW, BUT THEY HAD CREATED A SELF FULFILLING PROPHECY. HE SAID HE HAD TOLD THEM THAT HE WOULD UNDERSTND IF THEY FELT IT WAS NECESSARY TO RETURN TO THE US AND "CROAK" FOR THEIR OWN SAKE TO THEIR STOCKHOLDERS ABOUT THE TREATMENT THEY HAD RECEIVED IN JAMAICA. HOWEVER IT WAS UNREASONABLE, HE SAID, FOR THEM TO RETURN TO HIM AND COMPLAIN ABOUT THE PRICE OF THEIR STOCK FALLING IN THE MARKET WHEN THE FALL WAS NOT DUE TO THE FACTS OF THE CASE BUT THEIR VOCAL COMPLAINTS ABOUT IT IN THE US.

5. I ANSWERED THAT, WHILE WE THOROUGHLY UNDERSTOOD THE GRAVE ECONOMIC PROBLEMS JAMAICA FACED AND THE PRESSURES THESE CREATED, I WOULD BE DOING LESS THAN MY DUTY IF I DID NOT REGISTER OUR GRAVE CONCERN WITH THE UNILATERAL QUALITY OF THE ACTIONS THE GOJ HAD RECENTLY TAKEN. I NOTED THAT THE ISSUES INVOLVED WERE EXTREMELY COMPLEX AND THAT 8 WEEKS WAS NOT A VERY LENGTHY PERIOD TO ALLOW FOR THEIR RESOLUTION. PM REPLIED QUICKLY THAT WITH RESPECT TO THE REVENUE QUESTION THE ISSUES WERE NOT IN FACT ALL THAT COMPLEX. HE SAID THAT IN MATTERS OF THIS KIND 12 HOURS OF HARD WORK WAS SUFFICIENT TO DEFINE THE PARAMETERS OF A NEGOTIATION ABOUT MONEY, AND FROM THEN ON THE PROCESS BECAME A "MINUET" THE MOVEMENTS OF WHICH WERE EQUALLY FAMILIAR TO BOTH SIDES. HE SAID HE HAD SPENT HIS ENTIRE CAREER AS A NEGOTIATOR AND UNDERSTOOD HOW THESE

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THINGS WENT. HE INDICATED THAT JAMAICA'S FINANCIAL AND ECONOMIC PROBLEMS WERE SIMPLY TOO SERIOUS TO WASTE TIME IN DANCING MINUETS.

6. HE WENT ON TO SAY THT HE AGREED THE NON-REVENUE ISSUED WERE

NOTE BY OCT: NOT PASSED OPIC.

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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FM AMEMBASSY KINGSTON

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S E C R E T SECTION 2 OF 2 KINGSTON 1949/2

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INFINITELY COMPLEX AND WITH REGARD TO THESE HIS GOVT HAD ESTABLISHED NO DEADLINE AND WAS WILLING TO CONTINUE NEGOTIATIONS FOR ANY REASONABLE PERIOD IN ORDER TO ACHIEVE A SOLUTION.

7. I SAID THAT I UNDERSTOOD THE PRESSURES BEARING ON HIS GOVT AND HOW THESE LENT A SENSE OF URGENCY TO THE REVENUE NEGOTIATIONS. NEVERTHELESS, I FELT I MUST REPEAT OUR CONCERN WITH THE UNILATERAL NATURE OF HIS GOVT'S ACTIONS, AND OVER A FUTURE THAT WAS AT THIS POINT UNKNOWN BECAUSE OF THOSE ACTIONS. I EMPHASIZED THE IMPORTANCE OF THE DEEP TIES OF FRIENDSHIP BINDING OUR TWO COUNTRIES TOGETHER, BUT SAID THAT, FRANKLY, IT WAS TOO EARLY TO ASSESS WHAT THE FUTURE IMPACT OF RECENT EVENTS WOULD BE.

8. GROWING GRAVE, PM SAID HE WISHED TO MAKE ONE POINT VERY CLEAR. HE SAID THAT HIS OWN DEEP FRIENDSHIP FOR THE US AND THAT OF HIS COUNTRY WAS UNDIMINISHED IN THE WAKE OF RECENT EVENTS. HE SAID HIS COUNTRY HAD DONE WHAT IT FELT COMPELLED TO DO BUT WITHOUT WEAKENING THE TIES OF FRIENDSHIP. HE STRESSED THAT JAMAICA'S ACTIONS HAD BEEN PURELY ECONOMIC AND COMMERCIAL AND HAD NO POLITICAL CONTENT WHATSOEVER. PAUSING FOR EMPHASIS, HE SAID THAT IF THERE WAS TO BE ANY CHANGE IN THE POLITICAL RELATIONSHIP BETWEEN THE TWO COUNTRIES IT WAS AMERICA'S CHOICE AND NOT HIS. HE RECALLED THAT IN HIS MEETING WITH SECRETARY KISSINGER IN MARCH, AND ALSO SEVERAL TIMES SUBSEQUENTLY HE HAD REPEATED THAT UNDER NO CIRCUMSTANCES WOULD JAMAICA DEPRIVE THE US OF SUPPLIES OF BAUXITE CONSIDERED NECESSARY FOR ITS STRATEGIC WELL BEING. HE ASKED WHAT MORE GENUINE GESTURE OF FRIENDSHIP COULD BE MADE? IN ADDITION HE SAID THAT HIS COUNTRY HAD NO INTENTION OF USING BAUXITE

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AS A POLITICAL WEAPON AS THE ARABS HAD DONE WITH OIL, EVEN ASSUMING IT HAD THE CAPACITY TO DO SO.

9. WARMING TO HIS THEME, THE PM WENT ON TO SAY THAT HE WAS DISTURBED BY MY USE OF THE WORD "UNKNOWN" WHICH HAD STRONG CONNOTATION GIVEN PM'S MEETING WITH SECRETARY AND PM'S FREQUENT CONTACTS WITH USG OFFICIALS SINCE THEN. HE SAID HE HAD TAKEN EVERY OPPORTUNITY TO KEEP THE USG INFORMED OF HIS INTENTIONS AND HIS REASONS FOR THEM. IF THE FUTURE WAS "UNKNOWN" IT WAS BECAUSE THE USG WISHED IT SO AND NOT BECAUSE HE HAD SOUGHT SUCH A SITUATION.

10. PM THEN RESTATED THE NOW FAMILIAR ARGUMENTS CONCERNING THE DIFFICULTIES CAUSED TO JAMAICA BY THE EXPORT OF INFLATION FROM INDUSTRIAL COUNTRIES, AND PARTICULARLY THE US. HE MENTIONED A LONG LIST OF PRODUCTS ALL OF WHICH HAD INCREASED MORE THAN 100 PERCENT IN PRICE OVER THE PAST 18 MONTHS, AND SAID THAT JAMAICA ONLY WISHED TO RETURN THE COMPLIMENT BY RAISING THE PRICE OF BAUXITE A MERE 5 PERCENT. HE REPEATED HIS STRONG FRIENDSHIP FOR THE AMERICAN PEOPLE AND THEIR GOVT AND SAID HE MADE A DISTINCTION BETWEEN THEM AND FRAGMENTS OF THE AMERICAN ECONOMY WITH WHICH HE WAS FORCED TO DEAL.

11. I NOTED THAT THERE WAS A SIGNIFICANT DIFFERENCE BETWEEN GOVERNMENTAL ACTIONS SUCH AS THOSE HE HAD RECENTLY TAKEN, AND IMPERSONAL MARKET FORCES NO MATTER HOW DEPLORABLE THEIR RESULTS. I POINTED OUT THAT THE US AND OTHER INDUSTRIAL COUNTRIES WERE AS MUCH THE VICTIMS OF THE JUGGERNAUT OF WORLD INFLATION AS WAS HIS OWN COUNTRY. WHILE UNDERLINING MY CONCERN OVER THE PRESENT STATE OF THE BAUXITE NEGOTIATIONS, I EXPRESSED THE HOPE THAT A SOLUTION BY AGREEMENT COULD EVENTUALLY BE ACHIEVED AND PROMISED TO DO WHAT I COULD TO FACILITATE SUCH AN END WITHIN THE LIMITS IMPOSED BY THE FACT THAT THE USG IS NOT A DIRECT PARTY TO THE NEGOTIATIONS. THE INTERVIEW ENDED ON A CORDIAL NOTE AS WE AGREED TO MAINTAIN CLOSE AND FREQUENT CONTACT AS THE NEGOTIATIONS UNFOLDED.

GERARD

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, FOREIGN RELATIONS, DIPLOMATIC DISCUSSIONS, MINING INDUSTRY, NEGOTIATIONS, GOVERNMENT REVENUES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 JUN 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINGST01949
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740149-0304, D740143-0186
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740674/aaaac1q.tel
Line Count: 208
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by kelleyw0>; APPROVED <13 FEB 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR'S CALL ON PM MANLEY
TAGS: PFOR, EMIN, JM, US, (MANEY, MICHAEL), (GERARD, SUMNER)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005